

## Message Text

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S E C R E T SECTION 1 OF 2 ROME 13042

EXDIS

E.O. 11652: GDS

TAGS: PINT, PFOR, IT

SUBJECT: REFLECTIONS ON THE CURRENT ITALIAN POLITICAL SCENCE

1. SUMMARY: THE SIMULTANEOUS POLITICAL AND ECONOMIC CRISES WITH WHICH ITALY IS CURRENTLY STRUGGLING ARE OF PARTICULAR CONCERN BECAUSE OF THEIR OCCURRANCE AS AN APPARENT CAPSTONE TO A SERIES OF NEGATIVE DEVELOPMENTS OVER A LONG PERIOD. THESE INCLUDE THE INCREASED ACCEPTABILITY OF COMMUNISTS IN ITALY AND WESTERN EUROPE AS A WHOLE, THE LESSENING WILL OF THE DEMOCRATIC PARTIES TO COUNTER COMMUNIST ARGUMENTS AND TO DEFEND PRO-WESTERN POLICIES AND INSTITUTIONS, AND THE EROSION OF THE AMERICAN IMAGE AS A RESULT OF LEFT-WING EXPLOITATION OF THE ISSUES IN SOUTHEAST ASIA, CHILE, AND MOST RECENTLY CYPRUS. UNITED STATES POLICIES TOWARD ITALY HAVE BEEN BASICALLY SOUND BUT WE MUST GIVE MORE PRIORITY ATTENTION AT THE TOP LEVELS TO ENSURING MORE EFFECTIVE POSITIVE ACTION IN AREAS OF COMMON INTEREST. END SUMMARY

2. I HAVE BEEN CONCERNED FOR SOME TIME AT THE DIRECTION WHICH ITALY SEEMS TO BE DRIFTING. AS THE DEPARTMENT IS AWARE I HAVE BEEN ACTIVELY MEETING WITH TOP DEMOCRATIC LEADERSHIP PLUS MOST INFLUENTIAL BUSINESSMEN IN THE COUNTRY IN PREPARATION FOR MY RETURN TO WASHINGTON IN CONNECTION WITH THE LEONE VISIT. THIS MESSAGE REPRESENTS MY CURRENT JUDGMENT AND THAT OF THE STAFF OF THE SITUATION HERE.

3. WE MUST ASK OURSELVES WHETHER CURRENT DEVELOPMENTS IN ITALY ARE REALLY QUOTE MORE OF THE SAME? UNQUOTE AND THAT

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THE POLITICAL AND ECONOMIC LIFE OF THE COUNTRY WILL LURCH ALONG

AND AT A MORE OR LESS SATISFACTORY LEVEL. OR HAVE WE REACHED A POINT WHERE THE LONG POST WAR THRUST IS SPENT AND ITALY IS IN DANGER OF TRYING NEW FORMULAS. FOR THE REASONS SET OUT BELOW I BELIEVE THAT A SIGNIFICANT SHIFT IS OCCURRING BUT THAT THIS NEED NOT BE DETRIMENTAL TO OUR BASIC INTERESTS IF THE CHRISTIAN DEMOCRATS CAN FIND THE WILL TO MODERNIZE TO MEET THE CHALLENGE.

4. POLITICAL AND ECONOMIC PRESSURES IN ITALY CONTINUE TO UNDERMINE THE CONFIDENCE AND COHESION OF THE COALITION, MAKING ANALYSIS AS TO THE NEXT LOGICAL POLITICAL DEVELOPMENT MORE DIFFICULT. I AM IMPRESSED BY THE FACT THAT THERE IS UNMISKAKABLE EVIDENCE OF THE EROSION OF THE MARGINS OF ITALY'S TRADITIONAL SAFETY FACTORS, I.E., THE ECONOMY HAS FINANCIAL TROUBLE, THE WORK FORCE IS LESS DISCIPLINED, THE ORIENTATION OF THE POPULATION HAS CHANGED AND THE POLITICAL PARTIES HAVE NOT ADJUSTED. IN ADDITION, THERE HAS BEEN A DECLINE IN OUR OWN STOCK OF GOOD WILL IN ITALY.

5. ITALY'S CONFIDENCE IN THE UNITED STATES HAS BEEN AFFECTED BY A SERIES OF NEGATIVE FACTORS WHICH TOGETHER HAVE GRADUALLY WORKED TO OUR DISADVANTAGE. THE UNITED STATES IMAGE HAS BEEN TARNISHED BY YEARS OF FOREIGN AND DOMESTIC ABUSE ON THE VIETNAM ISSUE AND BY CONTINUING CRITICISM BASED ON THE FALSE ASSUMPTION THAT THE UNITED STATES BELIEVES ITSELF TO BE THE WORLD GENDARME. THERE HAS BEEN A PROGRESSIVE DOMINATION OF ITALIAN INTELLECTUAL CIRCLES (ESPECIALLY THE MEDIA) BY THE RADICAL LEFT AND AN INTENSIVE LEFT-WING EFFORT TO DISCREDIT THOSE NOT PREPARED TO GO ALONG WITH THE QUOTE PROGRESSIVE UNQUOTE VIEW OF WORLD EVENTS. TIME HAS MADE INROADS ON THE GERNERATION WHICH BEST UNDERSTANDS THE TRUE FACE OF COMMUNISM, AND WE DETECT A GROWING PUBLIC WEARINESS WITH THOSE ITALIAN VOICES (E.G., THE PSDI) WHICH CITE THE UNENDING NEED TO DEFEND ITALIAN DEMOCRACY AGAINST THE LEFT-WING THREAT. IT IS EASIER TO DISMISS SUCH WARNINGS AS THE OUTDATED ARGUMENTS OF IMPERIALIST OR REACTIONARY FORCES THAN TO EXAMINE ITALY'S TRUE INTERESTS AND RUN THE RISK OF LEFT-WING RIDICULE. AT THE SAME TIME THE GROWTH OF A QUOTE EUROPEAN NATIONALISM UNQUOTE, SPARKED BY FRECH GAULLISM, HAS HELPED TO CAST AMERICA IN A COMPETITIVE IF NOT ADVERSARY ROLE IN THOSE SECTORS OF PUBLIC OPINION ALREADY INCLINED TO BE SUSPICIOUS OF UNITED STATES INTENTIONS OR ACTIONS.

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6. MEANWHILE THOSE WHO ARE OUR SINCERE FRIENDS IN ITALY ARE SO HARRASSED WITH THEIR IMMEDIATE PROBLEMS THAT THEY HAVE TENDED TO AVOID TROUBLE IF IT MEANS DEFENDING US PUBLICLY OR EVEN THE POLICIES THAT THEY HAVE LONG ESPoused. I HAVE SPEND HOURS RECENTLY TALKING TO THE DEMOCRATIC LEADERS WHO AGREE WITH US BUT THEY ARE SLOW TO ENGAGE THE OPPOSITION PUBLICLY. THE ITALIAN SOCIALIST HAVE NEVER ACQUIRED THE TRADITION OF GOVERNING RESPONSIBILITY AND ACT WITH ONE EYE ON THE TRADE UNIONS AND

THE OTHER ON THE PCI. THE CENTER-LEFT HAS, THEREFORE, AN INHERENT INSTABILITY WHICH IS EXACERBATED BY THE TOUGH CHALLENGES OF TODAY.

7. THERE ARE ALSO IDEOLOGICAL DIFFERENCES WITHIN THE COALITION WHICH MAY BE CRITICAL TO THE CENTER-LEFT FORMULA, BUT THERE ARE OTHER CHRONIC PROBLEMS WHICH POSE AS GRAVE A THREAT TO THAT FORMULA AND TO THE MAJOR DEMOCRATIC PARTIES IN ITALY. CONCENTRATION ON THE RETENTION OF POWER HAS PREVENTED THE CHRISTIAN DEMOCRATS FROM FOCUSING MUCH NEEDED ATTENTION WITHIN THEIR PARTY ON CORRUPTION AND FAVORITISM. THEY HAVE FAILED TO PREPARE YOUNGER LEADERS POSSIBLY ABLE TO PROVIDE THE VIGOR ESSENTIAL TO THE REFORM OF THE PARTY AND THE ITALIAN GOVERNING MECHANISM. THERE IS CLEAR EVIDENCE OF A GROWING ITALIAN BUREAUCRATIC CRISIS WHICH HAS SLOWED OR HAMSTRUNG GOVERNMENT OPERATIONS SUCH AS DEVELOPMENT IN THE SOUTH, PUBLIC HOUSING, THE MAILS, PUBLIC HEALTH CARE, AND TOURISM. THE AVERAGE ITALIAN PERCEIVES HIS GOVERNMENT AS INEFFICIENT AND CORRUPT. HIS ONLY CHANCE IS TO KNOW SOMEONE IN POWER WHO CAN QUOTE FIX UNQUOTE THINGS FOR HIM.

8. MEANWHILE, THE ITALIAN COMMUNIST PARTY OFFERS A STRIKING CONTRAST TO THE PROBLEMS IN THE DEMOCRATIC CAMP. THE COMMUNIST PARTY HAS NO DIFFICULTY IN MAINTAINING A HIGH LEVEL OF DISCIPLINE, PROBITY, AND RESPONSIBILITY TO THE COMMUNITY. LOCAL ADMINISTRATIONS IN THE RED BELT ARE MODELS OF EFFICIENCY AND HONESTY COMPARED TO THE AVERAGE ELSEWHERE IN ITALY. UNWISE PATRONAGE, CORRUPTION AND CONNECTIONS WITH UNDESIRABLE SOURCES OF SUPPORT HAVE BEEN GENERALLY AVOIDED BY THE COMMUNISTS. AT THE SAME TIME, OVER THE YEARS THE PCI'S CONNECTION WITH THE SOVIET UNION HAS BEEN DOWN PLAYED, CAST IN DOUBT BY BONA FIDE PUBLIC DIFFERENCES BETWEEN

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THE PCI AND THE SOVIET PARTY. DESPITE ITS POLITICAL PHILOSOPHY, EXTERNAL CONNECTIONS, AND INTERNAL CONTROL STRUCTURE, THE PCI INSISTS THAT IT IS RESPECTABLE, THOROUGHLY ITALIAN, AND A RESPONSIBLE DEMOCRATIC PARTY. THE RECENT SUCCESSES OF THE LEFT ARE WELL ILLUSTRATED BY THE DEVELOPMENT OF A NEAR CONSENSUS THAT POLITICAL VIOLENCE IN ITALY IS CAUSED ENTIRELY BY THE FAR RIGHT. IN THE MINISTRY OF THE INTERIOR, THE THESIS HAS BEEN ACCEPTED THAT POLITICAL VIOLENCE AND THE MENACE OF SUBVERSION COME EXCLUSIVELY FROM THE RIGHT, DESPITE THE FACT THAT THE EXTREME LEFT, ESPECIALLY THE RED BRIGADE, HAVE CLEARLY BEEN RESPONSIBLE FOR KIDNAPPINGS AND VIOLENCE. IN ADDITION, THERE HAS RECENTLY OCCURRED A STRONG PUBLIC ATTACK AGAINST THE ITALIAN INTELLIGENCE SERVICE (SID) WHICH, HAVING PROVEN RESISTANT TO THE LEFT,

IS BEING PILLORIED AS AN ACCOMPLACE OF THE FAR RIGHT  
AND QUOTE SERVANT OF FOREIGN MASTERS UNQUOTE.

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9. THE VIGOROUS PUSH OF THE PCI FOR A GREATER ROLE IN THE GOVERNING PROCESS IS ACCELERATING. AS THE QUOTE HISTORIC COMPROMISE UNQUOTE IS DEBATED WE NOTE AN INCREASING CURRENCY OF THE ARGUMENT IN ITALIAN POLITICAL CIRCLES THAT DEMOCRACY AND CONSENSUS ARE INTERDEPENDENT, AND THAT IT IS ONLY DEMOCRATIC TO TEND THE GOVERNING MAJORITY IN THE DIRECTION OF CONSENSUS, BY INCLUDING IN SOME WAY THE PCI IN THE AREA OF GOVERNMENT. I FEAR THAT AS EVENTS HAVE TRANSPRIRED IN ITALY, THE PCI (AND THE LEFT GENERALLY) HAS BEEN A BENEFICIARY OF THE UNITED STATES/SOVIET DETENTE. IN THE ERA OF DETENTE THE PCI ARGUES THAT THE SECURITY PROVIDED BY THE ALLIANCE IS REDUNDANT. AND UNITED STATES/SOVIET COOPERATION GIVES NEW CREDENCE TO PCI ARGUMENTS THAT THE AGE OF IDEOLOGICAL CONFRONTATION WITH COMMUNISM IS OVER.

10. I AM REASSURED BY THE FIRMNESS OF THE DC LEADERSHIP IN OPPOSITION TO PCI ENTRY, MOST NOTABLY LEONE, FANFANI, ANDREOTTI AND COLOMBO. ALTHOUGH ONLY FANFANI HAS PUBLICLY SPOKEN OUT, RECENT PUBLIC STATEMENTS BY ANGELLI (ON BEHALF OF CONFININDUSTRIA) AND THE VATICAN ARE POSITIVE SIGNS THAT THE WILL TO RESIST PCI ENTRY EXISTS AND WILL BE EXERCISED. AS ENCOURAGING AND ESSENTIAL AS THESE STATEMENTS ARE AT THE PRESENT TIME, I AM CONCERNED THAT WORDS ALONG

WILL PROVE TO BE AN INADEQUATE COUNTERFORCE.  
NEEDED NOW, NOT LATER, IS A COMMITMENT BY THE DC TO  
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REVITALIZE ITSELF WITH NEW FACES AND NEW PROGRAMS.

11. AS A CONSEQUENCE OF DEVELOPMENTS IN PARAGRAPH 9 ABOVE, AND BECAUSE WE FACE AN EFFECTIVE AND AGGRESIVE OPPONENT ON THE LEFT, WE NOW FIND OUR TASK HARDER. WE CONSCIOUSLY AVOID PUTTING OUR ITALIAN ALLIES TO THE TEST UNLESS IT IS A VITAL MATTER. OUR VIGOR IS THEREBY TEMPERED MORE OFTEN WITH CAUTION FOR EXAMPLE, WHEN WE APPROACH THE ITALIANS FOR SOME NECESSARY MILITARY FACILITY THEY ARE USUALLY WILLING, PROVIDED THE MATTER CAN BE KEPT FROM THE PUBLIC. WHAT WE SAY IS OFTEN RECEIVED WITH SKEPTICISM AND OUR POSITION DISTORTED BY FANCIFUL PRESS SPECULATION. OUR FRIENDS RARELY SET THE RECORD STRAIGHT IN STRAIGHT-FORWARD TERMS.

12. THE RECENT PREEMPTIVE CAMPAIGN OF THE PSI AND PCI TO CONDITION ITALIAN PUBLIC OPINION AGAINST ANY FUTURE SHIFT OF NATO FORCES OR INSTALLATIONS FROM GREECE TO ITALY ILLUSTRATES THE ABOVE. ALTHOUGH THE FOREIGN MINISTRY WAS ULTIMATELY FORCED TO MAKE A VERY LOW-KEY COMMENT REFERRING WITHOUT SPECIFICS TO THE NEED TO CONSIDER ITALY'S INTERESTS IN THE MATTER, VIRTUALLY NO POLITICAL VOICE (EXCEPT MANLIO BROSIO) WAS RAISED TO POINTOUT THE UTILITY OF NATO TO ITALIAN SECURITY. THROUGHOUT THE ONE-SIDED PRESS DEBATE THE COMMON THREAD SEEMED TO BE THE CONCEPT THAT NATO HAS NO INTRINSIC VALUE FOR ITALY BUT DOES BRING RISKS, AND THAT ITALY'S ROLE IN PROVIDING INSTALLATIONS FOR NATO IS A SACRIFICE ON ITALY'S PART TO ACCOMMODATE NATO AND THE AMERICANS.

13. THE ABOVE BACKGROUND DEVELOPMENTS ARE REALITIES WITH WHICH WE MUST LIVE. I AM, OF COURSE, URGING OUR ITALIAN FRIENDS TO DO MORE, PARTICULARLY IN THE AREA OF OPINION MOLDING. ALTHOUGH OUR BASIC POLICIES, PROGRAMS, AND OBJECTIVES REMAIN THE SAME, IT IS ESSENTIALLY A QUESTION OF DOING MORE AND BETTER.

14. THE PICTURE IS NOT ALL BLEAK. I HAVE ALREADY VISITED OVER ONE THIRD OF THE PROVINCES IN ALL PARTS OF ITALY AND HAVE FOUND THE TRADITIONAL HARD WORKING ITALIAN WHO STILL VIVIDLY REMEMBERS THE COUNTRY THIRTH YEARS AGO AND IS CONSCIOUS OF HOW MUCH BETTER OFF HE IS NOW. HE ALSO REMENBERS THAT MUCH OF THIS IS DUE TO UNITED STATES AID IN THE BEGINNING AND CONTINUING US SUPPORT OVER THE YEARS. THESE PEOPLE REMAIN OUR FIRM FRIENDS AND ARE READY TO WORK TO

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BRING THE COUNTRY THROUGH THIS PERIOD.

15. THE DIFFERENCE IN THE SITUATION TODAY, HOWEVER, AS COMPARED TO A DECADE AGO, MAY REQUIRE US TO HOLD A DIFFERENT VIEW OF WHAT WE EXPECT FROM ITALY. WE HAVE BEEN ACCUSTOMED TO EXPECT GOOD BUT UNSPECTACULAR PERFORMANCE ON THE BASIC REQUIREMENTS OF THE ALLIANCE, BUT ALWAYS AS PART OF A SOLID MAJORITY IN NATO, EC AND PRO-ATLANTIC CAMPS. WE SENSE, HOWEVER, THAT ITALY MAY BECOME SOMEWHAT LESS DEPENDABLE. WE MUST MAKE EVERY EFFORT TO ASSURE THAT ITALY SURVIVES THE PRESENT CHALLENGE WITH ITS ECONOMY AND DEMOCRATIC SYSTEM INTACT. ONE SPECIFIC INSTRUMENT MAY SOON BE IN HAND: USE OF UNITED STATES FINANCIAL ASSISTANCE WHICH WE BELIEVE WILL BE ALMOST CERTAINLY REQUIRED LATE THIS YEAR OR IN 1975. THE SPECIFICS OF WHAT WE WOULD WANT IN RETURN WILL HAVE TO BE REALISTIC AND CAREFULLY WEIGHED IN SKIRTING THE LINE BETWEEN INTERFERENCE AND ATTAINMENT OF THE UNITED STATES GOALS.

16. OUR OPERATIONAL DECISIONS IN TODAY'S CIRCUMSTANCES SHOULD BE MADE WITH FULL RECOGNITION OF THE NEED TO GO BACK TO DUNDAMENTALS WITH THE ITALIANS. MAKE IT CLEAR THAT THEY ARE NOT DOING US A FAVOR BY BEING IN NATO--THEY ARE IN IT FOR THEIR OWN PROTECTION. THE UNITED STATES CANNOT SAVE THE CHRISTIAN DEMOCRATS FROM COMMUNIST INROADS AS SOME SEEM TO THINK, OR REFORM THE STATE ADMINISTRATION. WE CAN HELP AND SO CAN THE EC PARTNERS BUT IN THE FINAL ANALYSIS, THE ITALIANS AND ESPECIALLY THE CHRISTIAN DEMOCRATS MUST FIND THE ENERGY, WILL AND INTELLIGENCE TO DO THE JOB. VOLPE

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